



THE Q2 2019 | WESTERN WASHINGTON
GARDNER
REPORT

presented by



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The following analysis of the Western Washington real estate market is provided by Windermere Real Estate Chief Economist Matthew Gardner. We hope that this information may assist you with making better-informed real estate decisions. For further information about the housing market in your area, please don't hesitate to contact me.

ECONOMIC OVERVIEW

Washington State employment jumped back up to an annual growth rate of 2.4% following a disappointing slowdown earlier in the spring. As stated in the first quarter *Gardner Report*, the dismal numbers earlier this year were a function of the state re-benchmarking its data (which they do annually).

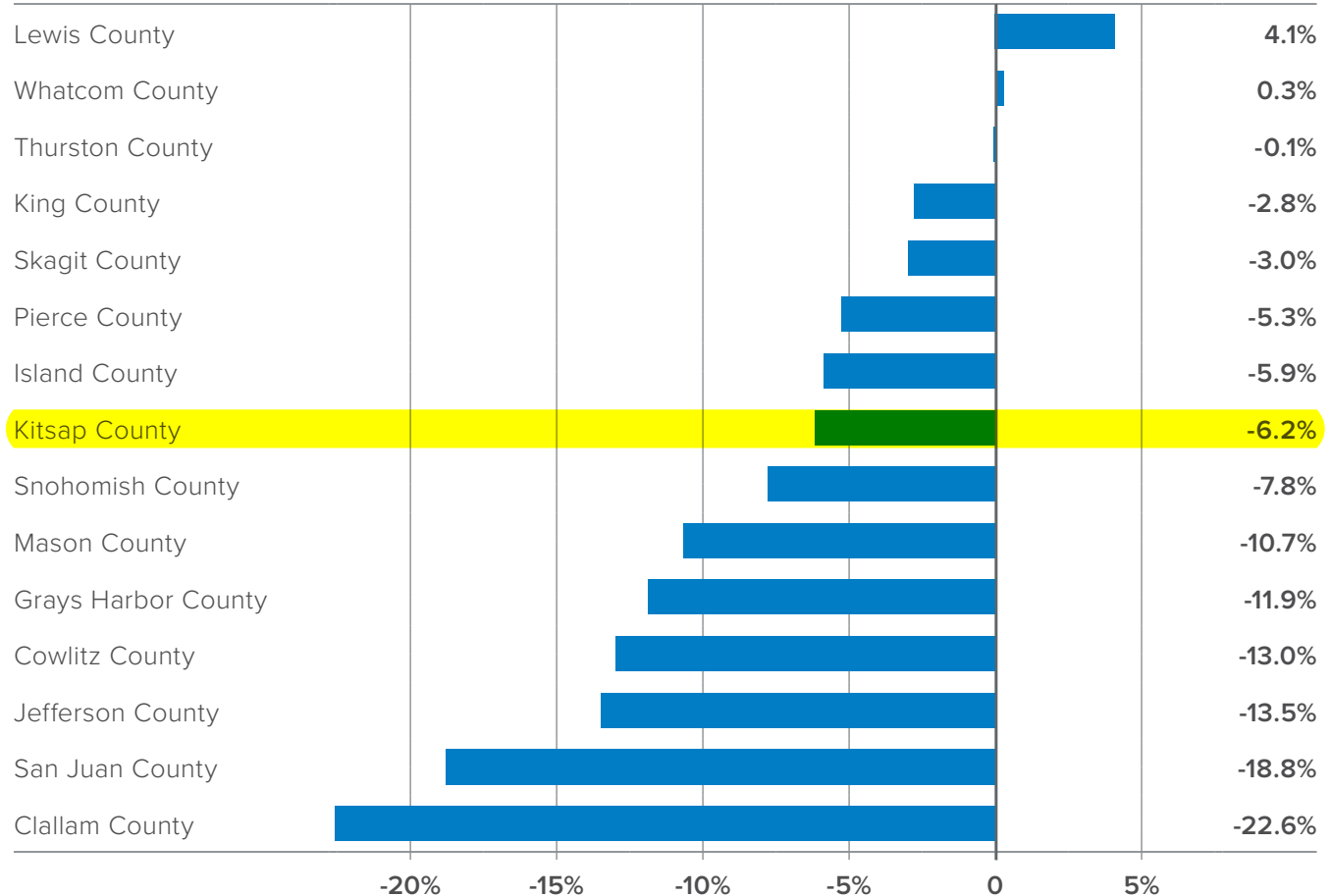
The state unemployment rate was 4.7%, marginally up from 4.5% a year ago. My current economic forecast suggests that statewide job growth in 2019 will rise by 2.6%, with a total of 87,500 new jobs created.

HOME SALES

- There were 22,281 home sales during the second quarter of 2019, representing a drop of 4.8% from the same period in 2018. On a more positive note, sales jumped 67.6% compared to the first quarter of this year.
- Since the middle of last year, there has been a rapid rise in the number of homes for sale, which is likely the reason sales have slowed. More choice means buyers can be more selective and take their time when choosing a home to buy.
- Compared to the second quarter of 2018, there were fewer sales in all counties except Whatcom and Lewis. The greatest declines were in Clallam, San Juan, and Jefferson counties.
- Listings rose 19% compared to the second quarter of 2018, but there are still a number of very tight markets where inventory levels are lower than a year ago. Generally, these are the smaller — and more affordable — markets, which suggests that affordability remains an issue.

ANNUAL CHANGE IN HOME SALES

Q2-2018 TO Q2-2019

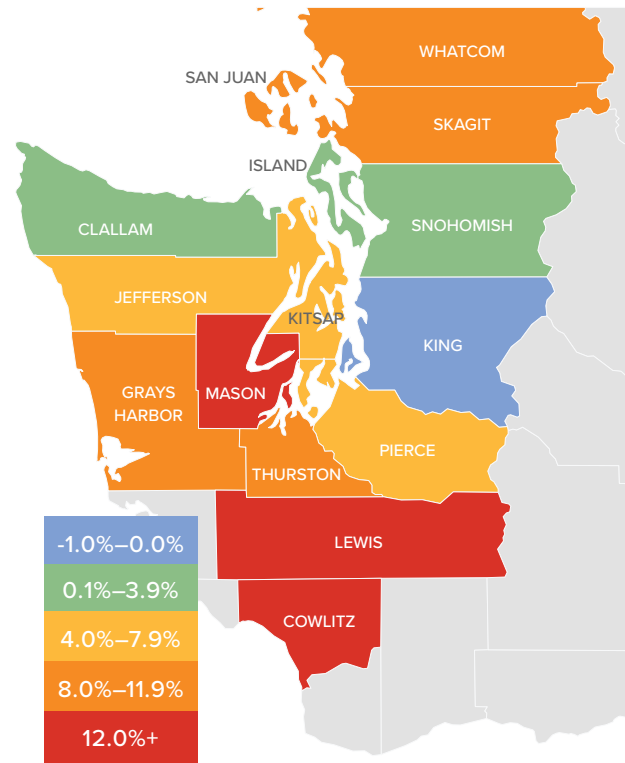


HOME PRICES

- Year-over-year price growth in Western Washington continues to taper. The average home price during second quarter was \$540,781, which is 2.8% higher than a year ago. When compared to first quarter of this year, prices were up 12%.
- Home prices were higher in every county except King, which is unsurprising given the cost of homes in that area. Even though King County is home to the majority of jobs in the region, housing is out of reach for many and I anticipate that this will continue to act as a drag on price growth.

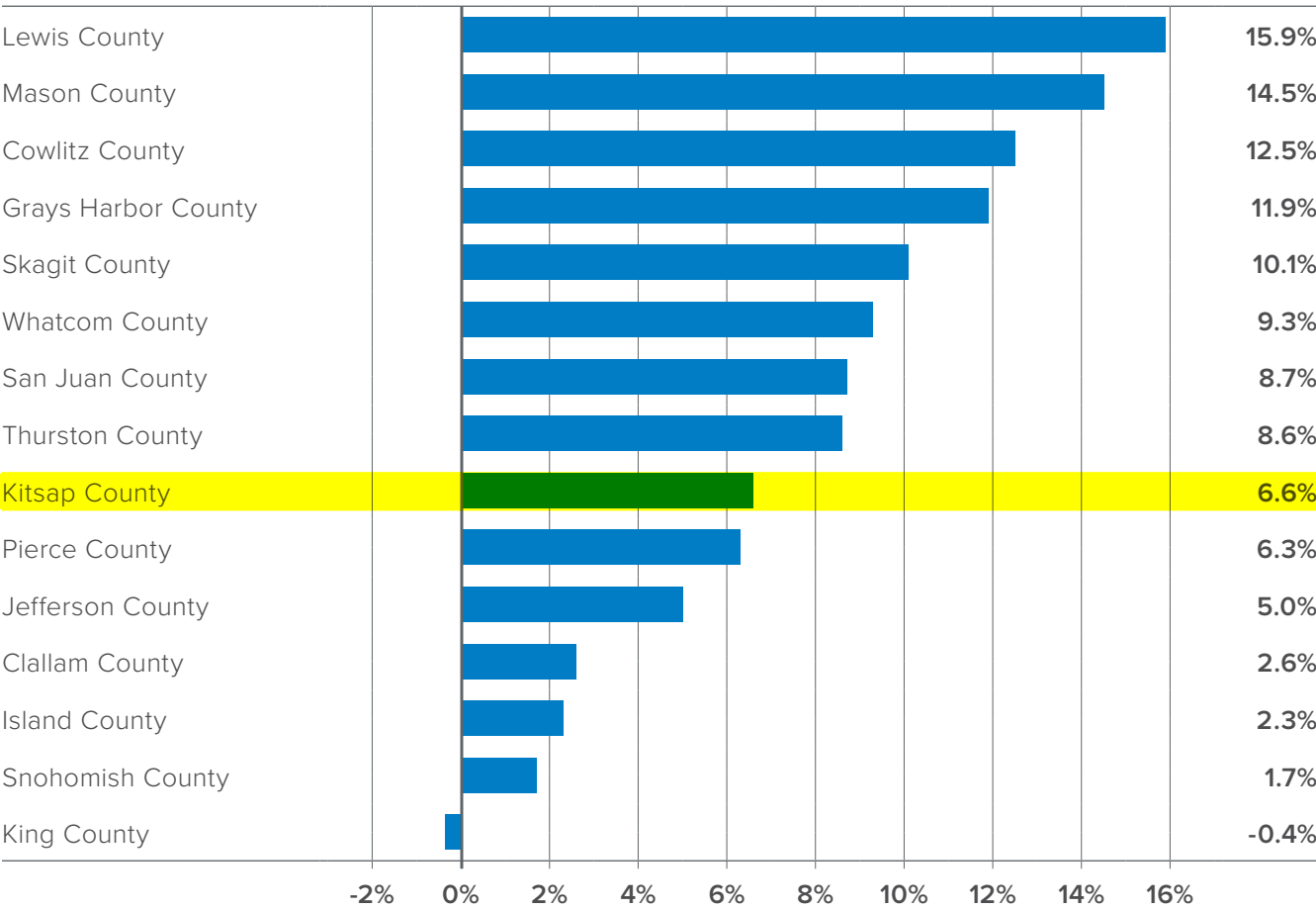
When compared to the same period a year ago, price growth was strongest in Lewis County, where home prices were up 15.9%. Double-digit price increases were also seen in Mason, Cowlitz, Grays Harbor, and Skagit counties.

The region’s economy remains robust, which should be a positive influence on price growth. That said, affordability issues are pervasive and will act as a headwind through the balance of the year, especially in those markets that are close to job centers. This will likely force some buyers to look further afield when searching for a new home.



ANNUAL CHANGE IN HOME SALE PRICES

Q2-2018 TO Q2-2019

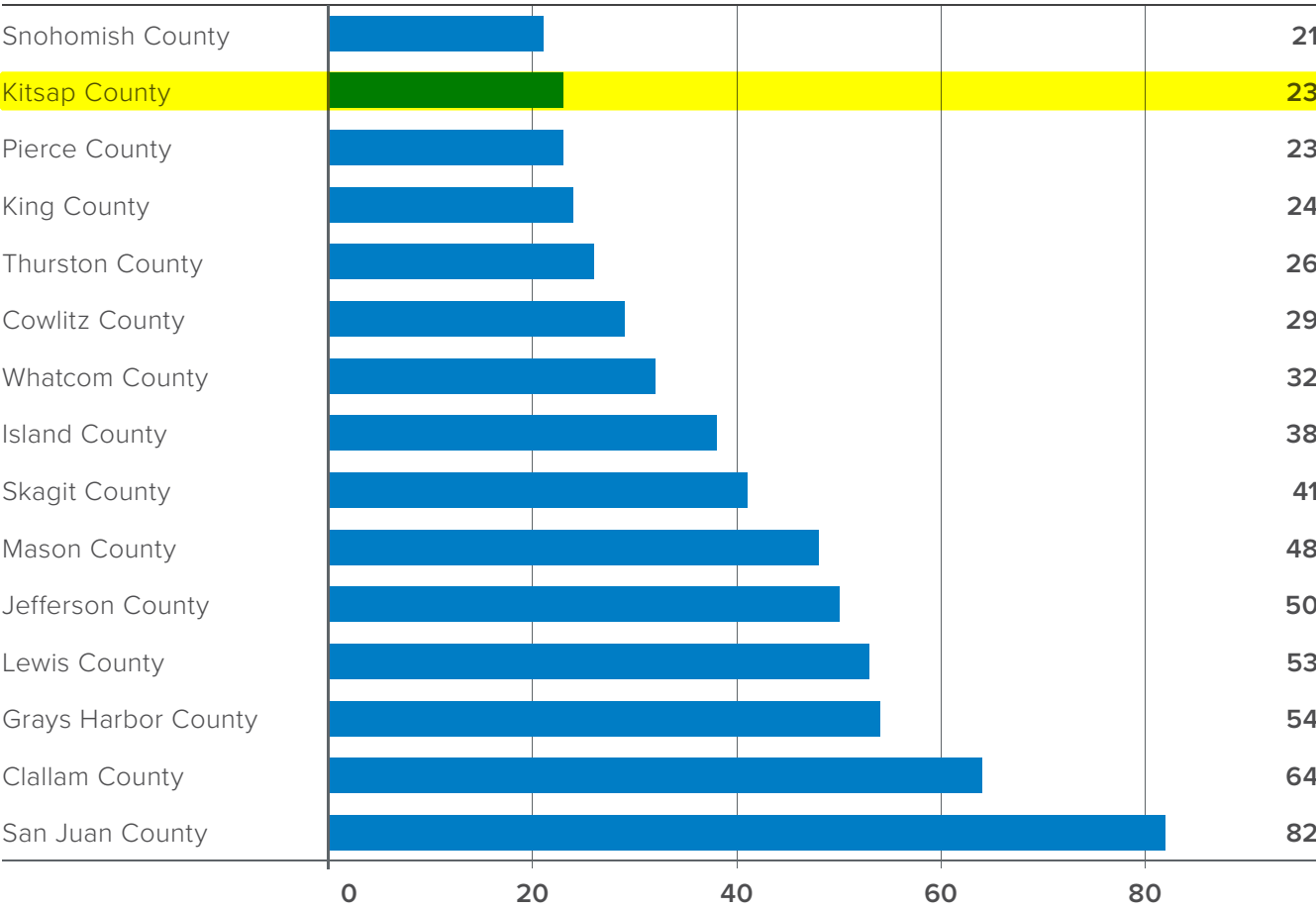


DAYS ON MARKET

- › The average number of days it took to sell a home matched the second quarter of 2018.
- › Snohomish County was the tightest market in Western Washington, with homes taking an average of only 21 days to sell. There were five counties where the length of time it took to sell a home dropped compared to the same period a year ago. Market time rose in eight counties and two were unchanged.
- › Across the entire region, it took an average of 41 days to sell a home in the second quarter of 2019. This was the same as a year ago but is down 20 days compared to the first quarter of 2019.
- › As stated above, days-on-market dropped as we moved through the spring, but all markets are not equal. I suggest that this is not too much of an issue and that well-priced homes will continue to attract attention and sell fairly rapidly.

AVERAGE DAYS ON MARKET

Q2-2019



CONCLUSIONS



This speedometer reflects the state of the region’s real estate market using housing inventory, price gains, home sales, interest rates, and larger economic factors. I am leaving the needle in the same position as the first quarter as demand appears to still be strong.

The market has benefitted from a fairly significant drop in mortgage rates. With average 30-year fixed rates still below 4%, I expect buyers who have been sitting on the fence will become more active, especially given that they have more homes to choose from.

ABOUT MATTHEW GARDNER

As Chief Economist for Windermere Real Estate, Matthew Gardner is responsible for analyzing and interpreting economic data and its impact on the real estate market on both a local and national level. Matthew has over 30 years of professional experience both in the U.S. and U.K.

In addition to his day-to-day responsibilities, Matthew sits on the Washington State Governors Council of Economic Advisors; chairs the Board of Trustees at the Washington Center for Real Estate Research at the University of Washington; and is an Advisory Board Member at the Runstad Center for Real Estate Studies at the University of Washington where he also lectures in real estate economics.